

# Los Alamos National Laboratory <sup>3</sup>/<sub>4</sub> Supplemental Instructions

**Section: 16      Types of Subcontracts**

**Subject: 16.5      Task-Ordering Agreements and Work-Release Subcontracts**

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**PURPOSE:** This supplemental instruction (SI) specifies the requirements for issuing task-order and work-release subcontracts.

**POLICY:** Task-order and work-release subcontracts shall be used only when it is not possible at the time of subcontract solicitation or award to estimate accurately the extent or duration of the work or to anticipate costs with any reasonable degree of confidence. The scope of all tasks must fall within the scope of the general statement of work for which the subcontract was issued.

**SCOPE:** This SI applies to all task-ordering agreements and work-release subcontracts.

**DEFINITIONS:**

**Task Order**

A task order is a subcontract that obligates a subcontractor to furnish the supplies or services specified and for the University to pay for them. The terms and conditions and pricing arrangement of the task-ordering agreement apply to all task orders issued pursuant to it. Task orders are treated as individual subcontracts for the commitment of funds, payment of invoices, and close out.

**Task Ordering Agreement**

A task-ordering agreement is a written instrument of understanding (not a subcontract) negotiated between the Laboratory and a provider that sets forth the pricing and the terms and conditions that apply to task orders issued against the agreement.

**Work Release**

A work release in a funding action under the umbrella of an unfunded work-release subcontract. A work release defines the work to be performed and authorizes the subcontractor to commence work and receive payment. If the subcontract includes fee provisions, fee of the same proportion as the total subcontract fee that applies to the total estimated cost of the subcontract is allocated to each work release. Work releases are treated individually for commitment and payment but are not individually closed out.

**PROCEDURES:**

**Background**

Task-ordering agreements provide for the acquisition of supplies or services on the basis of

- Direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and
- If needed, materials at cost, including, if appropriate, material handling costs.

**Requirements**

Task orders and work releases

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- Must only be issued on the basis of an acceptable proposal from a subcontractor;
- Are subject to the same requirements for technical evaluation as proposals for other types of subcontracts; and
- Will normally be negotiated prior to their issuance (see *Unpriced Actions*, below).

**Ceiling Price** — A ceiling price must be established for all agreements or subcontracts unless approved by the Procurement Manager or Deputy. The ceiling price is the maximum cumulative dollar amount of task orders or work releases that may be issued pursuant to the agreement or subcontract, and must be directly related to the scope of the statement of work or programmatic requirements, as appropriate.

**Term** — The term of a task-ordering agreement or work-release subcontract must not exceed five years or contain options that would extend the term beyond five years, unless approved in writing by the Procurement Manager. Task-ordering agreements may utilize any of the recognized pricing methods but must stipulate the types pricing that tasks can be priced under and include the necessary payment terms and conditions. Work releases may only be issued as cost or cost-plus-fixed-fee subcontracts.

**Authorizing Task Orders and Work Releases** — Task orders and work releases legally bind the University to reimburse a subcontractor for work performed pursuant to the agreement or subcontract. Task orders and work releases must be executed by an individual who possesses the commensurate level of signature authority (see *SI 1.2, Delegation of Procurement Authority*). The firm-fixed-price, ceiling price, or ceiling amount, as appropriate, will determine the level of procurement authority required. If a task order or work release is incrementally funded, modifications issued solely for the purpose of adding incremental funds up to the firm-fixed-price, ceiling price, or ceiling amount may be signed by a procurement specialist who possesses the commensurate level of signature authority.

**Unpriced Actions** — When programmatic requirements dictate, unpriced actions may be issued when approved by the Procurement Team Leader. Unpriced task orders and work releases must be definitized within 60 days from the date of issuance.

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## **Documentation**

A simplified file memorandum format may be used to document the issuance of task orders and work releases. Task orders and work releases must be issued on standardized formats approved by the Procurement Team Leader.

## **RESPONSIBILITIES:**

### **Procurement Specialist**

The procurement specialist must

- Establish direct labor rates that include wages, overhead, general and administrative expenses, and profit;
- Establish a ceiling price that represents the maximum cumulative dollar amount of task orders or work releases that may be issued pursuant to the subcontract;
- Stipulate in the subcontract the type of pricing that tasks may be priced under and incorporate the appropriate payment terms and conditions;
- Ensure that all task orders and work releases are authorized by individuals with appropriate signature authority levels; and
- Issue task orders and work releases on standardized formats approved by the Procurement Team Leader.